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Prime Minister

### COMMUNITY CHARGE LIMITATION IN WALES

I have considered with David Hunt the spending decisions of Welsh local authorities and whether it is appropriate to introduce charge limitation arrangements for 1990/91. This minute sets out my proposals.

Twelve Welsh councils (eight counties and four districts) have set budgets higher than the threshold of £15m and can therefore be considered for capping. Of these, only three district councils have increased their spending to a level significantly in excess of their standard spending assessment (SSA); Cardiff by 33% (but Counsel has advised that 8% has to be discounted), Newport by 19% and Swansea by 18%.

I understand that Chris Patten is likely to propose that English authorities should be capped if their plans indicate spending at a level greater than 12.5% above SSA and £75 per adult above SSA, provided that their budget is at least £26 per adult above this criterion. These criteria would not be tough enough to enable me to limit the charges set by the three Welsh districts. I have considered whether tougher principles might be introduced in Wales than in England but I can see why Chris and other colleagues would not welcome such a development. There is no defensible reason for the Government to adopt a different stance on measures of excessive spending as between the two countries; on the contrary, there is every reason for the measures adopted to be equivalent. Tougher principles in both countries would significantly increase the number of English authorities to be designated.

I have therefore decided that charge limitation arrangements should not be introduced in Wales for 1990/91. I propose to explain this decision on the grounds that the spending plans of English and Welsh councils must be measured on a comparable basis; and that whilst I am dismayed by the spending plans of some councils I am reluctantly prepared to let the electorate judge whether the reasons given by their councils for large spending increases and the consequential community charges are acceptable to them.

I am sending copies of this minute to members of E(LG) and to Sir Robin Butler.



*[Handwritten signature]*

28 March 1990

Approved by the Secretary of State and signed in his absence